

Canada Packers Inc.

Revised January 16, 1986 (IC)
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 cards on this Company

CUSIP Number 135177
 Stock Symbol CK

Head Office — 95 St. Clair Ave. West, Toronto, Ont. M4V 1P2

Telephone — (416) 766-4311

THE COMPANY is the largest food producer in Canada. Directly and through subsidiaries is engaged in the production and processing of meats, poultry, vegetables, dairy products, edible oils and non-food products with processing and manufacturing facilities in Canada, West Germany, Great Britain, Australia and Mexico.

Fiscal Year	Total Assets	L.-Term Debt	Shldrs.' Equity	COMPARATIVE DATA		Earns. Per Sh.	Divds. Paid	Price Range	
				Net Sales	Net Inc. Oper.			High	Low
	\$	\$	000's	\$	\$	\$	\$	\$	\$
1985....	619,492	39,046	311,128	3,051,089	25,039	2.08	0.92	30.00	24.00
1984....	596,311	40,621	297,437	3,175,963	25,275	2.10	0.86	28.25	16.50
1983....	558,941	27,301	281,764	3,001,447	20,961	1.75	0.80	16.75	14.13
1982....	544,747	44,219	270,407	2,943,099	30,039	2.51	0.80	18.50	14.75
1981....	522,789	47,817	249,986	2,842,369	24,485	2.18	0.77	18.00	14.25

■ Previous calendar year.

▲ Adjusted throughout for 2-for-1 stock split on July 8, 1983.

CONSOLIDATED CAPITALIZATION AS AT MARCH 30, 1985			
Outstanding			%
Long-term debt		\$39,046,000	11
Common stock	12,039,000 shs.	10,819,000	3
Retained earnings*		300,309,000	86

*Net of \$175,000 in unrealized foreign currency adjustment.

SUMMARY STATEMENT

For the six months ended September 28, 1985, net income more than doubled to \$15,925,000 or \$1.31 per share from \$7,735,000 or 64 cents per share for the similar period in 1984. Net sales rose 3% to \$1,541,342,000 from \$1,496,107,000. Cash flow was up \$30,995,000 from \$21,549,000. The substantial improvement in net income reflected the strike during the second quarter in the preceding year, when profit was significantly reduced. Earnings in the meat product segment were mixed and continued to be affected by unsatisfactory beef margins. Operations outside Canada were satisfactory with the exception of the company's German operations which were depressed. Processed foods earnings were at a satisfactory level, and non-food products segment showed improvement despite depressed margins in the oil seed crushing industry and lower tallow prices.

Financial results for the year ended March 30, 1985, included a 1% decline in net income and a 4% decrease in net sales compared with results for fiscal 1984. The meat products and processed food segments were severely affected by a strike during the second quarter. To emphasize the impact, the return on net sales for meat products and processed food segments was 0.64% and 2.64% respectively, compared with 1.03% and 4.59% respectively for fiscal 1984.

Capital expenditures in fiscal 1985 totaled \$26,518,000 compared with \$35,810,000 in fiscal 1984. Major projects concluded in the past year or were under construction at March 31, 1985, included the Food Service plant expansion in Bramalea; the research facility at Maple, Ont. for Shur-Gain Dairy; and the expansion of the National Edible Oils refinery in Toronto.

Acquisitions for fiscal 1985 included the purchase of the controlling interest in a feed mill; and the grocery products business of Burns Meats Ltd. for total cash consideration of \$6,500,000.

Joint venture to open salmon hatcheries and ocean farms, in the Maritimes and British Columbia, worth \$25,000,000 was undertaken with Sea Farm of Bergen, Norway.

N.B. — For quick reference data, see page 2.

The Financial Post

INFORMATION SERVICE

MCGILL UNIVERSITY

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QUICK REFERENCE DATA

Major Shareholder—At Dec. 19, 1985, W. F. McLean directly and indirectly held 24% of the company's outstanding common shares.

Incorporation—By Dominion charter dated August 13, 1927; continuance February 9, 1979.

Employees—The company had approximately 13,600 employees at June 24, 1985.

Auditors—Clarkson Gordon, C.A., Toronto.

Fiscal Year Ends—Last Saturday in March (March 30 in 1985).

Annual Report Appeared—In June in 1985.

Annual Meeting—June 24, 1985.

Bankers—The Canadian Imperial Bank of Commerce.

Listed—CK, Toronto and Montreal Stock Exchanges.

Shareholders—1,522 shareholders at March 30, 1985. At that date, Canadian residents held 99.7% of the outstanding shares.

Transfer Agent and Registrar—Canada Permanent Trust Company, Toronto, Montreal, St. John's, Charlottetown, Saint John, Winnipeg, Saskatoon, Calgary and Vancouver.

Ranking in FP 500—28 by sales; 125 by assets.

COMPANY

The company is the largest producer of food products in Canada and operates processing and manufacturing facilities in West Germany, Great Britain, Australia, Mexico and the United States. It also operates a trading organization with representation in major capital centres around the world.

The company has major operating divisions involved in the production and processing of meats (including fresh, processed and canned meats), poultry, fruits, vegetables, dairy products, nut products, edible oils, chemicals, pharmaceuticals, animal and poultry feeds, veterinary products, pet foods, leather, soaps, detergents, feathers and down.

SALES

Net sales of the company by operating segment for the last two fiscal years have been as follows:

	1985		1984	
	\$000's	%	\$000's	%
Meat products	2,108,200	69	2,266,500	71
Processed foods	384,100	13	357,800	11
Non-food products	558,800	18	551,700	18
	3,051,100	100	3,176,000	100

Included in total sales in each year were sales outside of Canada of \$435.2 million in fiscal 1985 and \$436.3 million in fiscal 1984.

EARNINGS

Operating income before interest expense, income taxes, other income and expenses, and minority interests by operating segment for the last two fiscal years was as follows:

	1985		1984	
	\$000's	%	\$000's	%
Meat products	13,600	31	23,600	44
Processed foods	12,900	30	20,300	38
Non-food products	17,100	39	10,000	18
	43,600	100	53,900	100

Included for each year was operating profit for operations outside of Canada of \$2 million in fiscal 1985 and \$4.6 million in fiscal 1984.

OPERATIONS

The company operates in three segments, Meat products, Processed Foods and Non-Food products. Details are as follows:

Meat Products

This segment of operations includes fresh meats, processed and cooked meats, canned meats and poultry.

Activities inside of Canada include the following:

Packinghouse Division:

The company operates seven slaughterhouse and meat packing operations—three in Alberta, two in Ontario and one each in Saskatchewan and Manitoba. Fresh meat is supplied to retail outlets from coast-to-coast.

Poultry Division:

This unit supplies fresh and frozen poultry products to retailers throughout Canada. The division operates plants at Canard, N.S., Winnipeg, Edmonton, Saskatoon, Walkerton and Brantford, Ont. and Sussex, N.B.

Food Service Division:

This division supplies fresh and frozen meats and other food products to the hotel, restaurant and institutional market across Canada. Operations are conducted from plants and offices in Bramalea, Ont., Vancouver, Winnipeg, Montreal and Saint John, N.B.

Processed Meats:

Meat and grocery products processed by this segment carry the Maple Leaf brand name. Operations are conducted through four units in Vancouver, Winnipeg, Toronto and Montreal.

International Trade Division:

This division is responsible for the company's Canadian-based import/export business.

The company's activities outside of Canada include the following:

This segment has meat processing operations in Australia, England and Germany and food trading companies in the United States, England, West Germany and Japan.

Teys Bros., located in Beenleigh, Australia, conducts the company's beef operations in that country.

Haverhill Meat Products, the company's joint venture with J. Sainsbury Ltd., is engaged in meat processing operations in the U.K. Canada Packers GmbH of Hamburg through its 75%-owned subsidiary, Fleischwarenfabrik Walthner GmbH of Delmenhorst and Cologne, West Germany, produces a full line of cooked and smoked sausage and ham products and processes pork.

International Trading Operations:

This division is responsible for developing markets abroad for Canadian products. With agents in principal countries around the world, the division conducts wide ranging import and export operations. Trading offices are maintained in Toronto, New York, Los Angeles, London, Hamburg and Tokyo.

The products of the company are marketed chiefly under the brand names "Maple Leaf," "York" and "Shur-Gain".

Processed Foods

The processed foods segment of company operations comprises edible oil products, lard, canned and frozen foods, cheese and other dairy products and peanut butter and nut products. Details are as follows:

Edible Oils and Dairy:

Production of edible oils includes margarine, shortening, salad oils and refined oils. Refineries and offices are located in Toronto, Wainwright, Alta., Vancouver, Edmonton, Winnipeg and Montreal.

Dairy operations are conducted at Harriston, Mount Forest and Toronto, Ont.

York Farms Division:

This division produces and distributes canned and frozen fruits and vegetables for consumers from plants in Lethbridge, Alta. and Brantford, Ont.

Peanut Butter and Nut Products:

From Toronto the company's products include "York" and "Squirrel" peanut butter brands.

Non-Food Products

Principal products of this segment are animal feeds

and feed ingredients. Other products include fine chemicals and pharmaceuticals, gelatine, soaps and detergents, jute and cotton bags, feathers and down, leather products, inedible tallow and crude vegetable oils.

Shur-Gain Division:

Manufactures and markets livestock and poultry feeds and animal health products. Franchised feed service mills distribute balanced feeds necessary for efficient livestock and poultry production. Feed plants are located in Hamilton, St. Mary's, Maple, Brantford and Highgate, Ont.; Sussex, N.B.; Port Williams, Bridge-water and Truro, N.S.; Summerside, P.E.I.; St. Felix de Valois, St. Romuald, and St. Hyacinthe, Que.; Winnipeg, Man.; Edmonton, Lethbridge, Calgary, Medicine Hat, Red Deer and Wetaskiwin, Alta.; and Stephenville, Nfld.

Leather Operations:

Produces leather products at Acton and Aurora, in Ontario.

Chemicals Division:

This division produces pharmaceutical and fine chemicals, enzymes, gelatine, soaps, detergents and glycerine, and a variety of fatty acids for use in lubricants, rubber tires and cosmetics. Operations are conducted from Toronto, Mississauga, and Hamilton, Ont. and Montreal, Que.

Canadian Vegetable Oils:

Processes soybeans and canola into oil and meal at plant in Hamilton, Ont.

Other non-food operations include production of **jute and cotton bags** in Montreal, **feathers and down** in Toronto and **inedible tallow** in Dundas, Ont.

Research Centre:

Extensive research facilities which are maintained in Toronto are engaged in the study of manufacturing processes, new products, and methods of improving product quality and nutrition. Other areas of research include fine chemicals, pharmaceuticals, leather and soaps and detergents. Organic chemistry and microbiology research are also carried out at the industrial research centre.

CURRENT ACTIVITIES

Meat Products

Activities inside Canada:

Beef

The earnings for the fiscal year improved over the previous year's performance, despite a reduction in retail market demand. The closure of several plant operations did not completely resolve the company's problem of excessive slaughter capacity.

Margins in the beef industry, especially in boneless beef, were depressed due to less expensive imports from the European Economic Community. Also, serious overcapacity existed in the industry, and large amounts of low-priced, non-graded, beef imports from the United States adversely effected boxed beef margins, particularly in the last half of the year.

Cattle marketings decreased another 2% from the previous year's reduction of 1%, with Ontario showing a more significant drop of 6%. The company expects further reductions in future cattle marketings for both the Canadian and American markets.

Pork

Industry margins deteriorated significantly, but a recent restructuring of operations enabled profits to remain parallel to last year's. Hoffman Meats Inc.'s pork plant in Kitchener reported excellent productivity gains in its first year of operation. Canadian hog production rose 7.8% to a record high 14,500,000 head. Of these, 13,254,165 (or a 1% increase) were slaughtered in Canada; more importantly, a record 1,237,000 live hogs were exported to the United States representing a 277% increase. International exports of pork reached a record high of 384,000,000 pounds for the past 40 years, an increase of 6.5%.

The company accounted for approximately 25% of Canada's total hog production.

Hog slaughters were down 2.8% to just over 85,000,000 head in the United States, which meant a 2.5% increase in price to US\$48.91. This drop in pro-

duction caused a rise of about 1% to an average price of \$72.65 for Ontario dressed hogs. The preceding price increments are based on the previous fiscal year's prices stated; which were subsequently down 14% and 15%, respectively in fiscal 1983.

Processed Meats

The division ended the year with a loss, despite very positive market trends at the start of the year and a good post-strike recovery; the August work stoppage was cited as having a major impact on processed meats volume. Market shares for the company's cooked meats remained the same as the previous year's level, but there was some erosion in the price competitive processed pork business as the company was unwilling to sell at unprofitable levels.

For the sake of product quality and cost efficiencies towards the long-term, major renovations to principal operations were undertaken.

Canned Meats

Satisfactory results were noted for the year. The acquisition of Burns Grocery Products business has led to expectations of higher market share and improved profitability for the future.

Poultry

Improved earnings over a year ago were considered satisfactory as margins were well below last year's, and increased production levels were not absorbed by the marketplace to warrant satisfactory margins.

The company forecasts further increases of 12% to 15% in production quotas which may place a downward pressure on prices and margins.

Food Service

The August labor dispute affected operations during the work stoppage and for several months afterwards. During the year, a \$6 million expansion commenced at the Bramalea plant to increase the size of the plant by approximately 50% and provide additional production and storage capacity.

Activities Outside Canada:

Foreign operations had experienced a disappointing year as earnings had not reached a satisfactory level.

The Teys Bros. of Australia, a beef operation 55% owned by Canada Packers, was only able to manage a slight profit in earnings. Margins and cattle supplies have improved recently with favorable expectations for the upcoming year.

Haverhill Meat Products Limited of the United Kingdom, a joint venture with J. Sainsbury Limited, had a difficult year. Operations were significantly affected by lower hog numbers, a sharp increase in hog prices and unsatisfactory margins.

German operations had suffered from lower than projected sales to affect the earnings statements.

Results from the company's trading operations outside Canada were mixed. New York was adversely affected by high storage and interest costs. The drastic drop in Canadian pork shipments to Japan had a severe impact on the company's Japanese business. Diversification into new product lines at both operations are being aggressively pursued. The Hamburg trading operation suffered a serious loss and is being restructured. Canada Packers (U.K.) Limited had another excellent year.

Processed Foods:

Edible Oils

Operations' earnings were satisfactory but had decreased slightly due to the five-week strike in August.

The edible oil refinery in Wainwright, Alberta came into operation in June and it was a significant contributor to market share and earnings in the fourth quarter.

An agreement with an overseas company will provide for worldwide marketing of some of the company's oils processing technology. In order to modernize facilities, \$2,400,000 will be spent for the shortening and salad oil packaging and warehousing at the company's Montreal refinery.

In March, 1985, the company announced plans for a \$21,600,000 expansion of the edible oils refinery in Toronto. The capital program which will add 35% to capacity in Ontario, involves the construction of a 71,000 sq. ft. addition to existing facilities. Completion is scheduled for October, 1987.

Dairy

Plans have been completed for expansion in the natural cheese business to deli markets. Sales of butter and process cheese displayed good growth and improvement in earnings.

York Farms

Sales and profits were satisfactory. Productivity and improvement in working capital requirements have resulted from a recent restructuring of operations.

Non-Food Products:**Shur-Gain Division**

Despite the continuing problem of excess capacity in the animal feed industry and a static livestock population, a modest increase in volume and operations were achieved. An increased emphasis on the sales of animal health products and pet foods was undertaken.

A new dairy research facility was built at the Maple, Ontario Research Farm to modernize their facilities and improve their efficiencies. Computer technology to control processing was utilized in the feed manufacturing plants of Red Deer, Alberta; St. Marys, Ontario; and St. Hyacinthe, P.Q.

Chemicals Division

Earnings were lower than last year due to the higher costs for gelatine raw materials and low margins for special chemicals and pharmaceuticals. Reorganization of the division has been undertaken. The Delmar Chemicals unit, which manufactures custom chemical products, is to be sold during 1985. Fine chemicals of natural origin will be supplied to the growing bio-technology industry by the pharmaceuticals section.

Leather Division

The Beardmore and Collis tanneries experienced substantial losses primarily as a result of over capacity within the industry.

Shoe imports to the United States continued at high levels. Canadian quotas on shoe imports were to be in effect until November, 1985.

Canadian Vegetable Oil Processing

Despite the strike's occurrence during the harvest period this segment reported a modest profit, which was an improvement relative to last year's severe losses.

Canola acreage in Ontario was significantly increased and a winter variety had been introduced.

CAPITAL EXPENDITURES

Additions to fixed assets in recent fiscal years have been as follows:

1976	\$19,697,000	1981	\$37,013,000
1977	19,261,000	1982	36,207,000
1978	23,564,000	1983	40,153,000
1979	24,304,000	1984	35,810,000
1980	35,310,000	1985	26,518,000

Expenditures by operating segment in the last two fiscal years were as follows:

	1985		1984	
	\$000's	%	\$000's	%
Meat products	16,500	62	21,800	61
Processed foods	3,200	12	8,200	23
Non-food products	6,800	26	5,800	16
	26,500	100	35,800	100

In fiscal 1985, the company invested \$31,500,000 in capital expenditures. New construction projects include the Bramalea, Ontario, food service plant expansion the new Shur-Gain Dairy research facility at Maple, Ontario and the expansion of National Edible Oils refinery in Toronto.

HISTORY

On incorporation, under Dominion charter dated Aug. 13, 1927 (continued under C.B.C.A. by Certificate of Continuance issued Feb. 9, 1979), the company acquired a controlling interest in The Harris Abattoir Co., Ltd., Gunns Limited, Canadian Packing Co., Ltd., and William Davies Company, Inc. Ten plants were acquired, but this number was reduced by centralization of operations.

Originally a holding company, operating through sub-

idiaries, Canada Packers itself became an operating company in 1932.

In January, 1936, the company purchased the Collis Leather Co., of Aurora, Ont.

In May, 1940, the company acquired Frank Hunnisett Ltd. of Toronto.

In 1945 the company acquired Beardmore & Co. Ltd.

In December, 1948, the company purchased the plant of Summerside Fertilizer Co., Summerside, P.E.I. The plant together with all other fertilizer operations was sold in 1967.

In March, 1954, the company leased the municipal abattoir at Saint John, N.B. for a 31-year term. The company erected a processing plant on adjoining property.

In November, 1955, the company purchased a plant in Calgary formerly operated by Calgary Packers Limited.

In the 1956 fiscal year, the company purchased a controlling interest in Wilsil Limited of Montreal.

Early in 1962, the company purchased Alberta Canning Co. and the assets of Lethbridge Feed Services Ltd., both in southern Alberta.

Restrictive Trade Practices Commission—In August, 1961, the commission concluded in a report to the Minister of Justice that the company significantly lessened competition within the industry by its acquisition in 1955 of Calgary Packers Limited and Wilsil Limited. It recommended the Government consider seeking a court order to dissolve the mergers.

In January, 1964, following 2½ years of intense studies, the Minister of Justice concluded that the judicial rulings on the merger law made successful prosecution unlikely and decided not to press charges against the company.

In March, 1965, a majority interest was purchased in Jacksons Corio Meat Packing (1965) Pty. Ltd. of Geelong, Australia.

Effective June 29, 1967, the fertilizer operations of the company were sold to Sogemines Limited for an undisclosed price. Plants and sales offices formerly operated by the company in Chatham, Welland and Toronto, Ont., Montreal and Ste. Foy, Que., Saint John, N.B., Summerside, P.E.I., Windsor, N.S., and Presque Isle, Maine, were included in the transaction.

In January, 1969, the company purchased a 75% interest in a German meat manufacturing company, Fleischwarenfabrik Walthner GmbH.

In mid-1970, the assets of Mayfair Hams and Bacon Company of Australia were acquired for about \$5.5 million.

During fiscal 1973, the company purchased a 55% interest in Tey's Bros. (Beenleigh) Pty. Ltd. near Brisbane, Australia, a beef business serving both local and export markets. Also, the company entered into a joint venture, as a minority shareholder, with Troqueles y Esmales, S.A. of Mexico in forming Kir Alimentos S.A. located in Monterey, Mexico.

In December, 1974, the company entered into a joint venture with Spillers Foods Ltd. of Great Britain to form Spratts Pet Foods Canada Ltd. to market pet foods in Canada. The company had a controlling interest in the newly-formed company.

In March, 1976, the company sold its minority interest in Kir Alimentos S.A., Monterey, Mexico.

In May, 1979, the company purchased the assets of Bell City Poultry Ltd., of Brantford, for an undisclosed amount. In November, 1979, Wilsil Limited, an inactive subsidiary, was wound up. Effective Dec. 14, 1979, the name of the company was changed from Canada Packers Limited to Canada Packers Inc.

Also during fiscal 1980, the joint venture entered into by the company and Spillers Foods Ltd. of Great Britain was wound up. The company formed by the joint venture continued as a division of Canada Packers to market pet foods in Canada.

During fiscal 1981, the company purchased the assets of Delmar Chemicals Limited and established,

with minority shareholders, Canada Packers (Japan) Inc., in Tokyo. In addition, Paethorpes Limited of Britain was purchased by Haverhill Meat Products Limited, jointly owned by the company and J. Sainsbury Limited.

In January, 1982, the company acquired Ontario Rendering Company Limited of Dundas, Ont. In March, 1982, the company acquired, through Canada Packers GmbH, a 75% interest in Fleischwarenfabrik Ludwig Fischer GmbH of Delmenhorst, West Germany which was subsequently merged with Fleischwarenfabrik Walthen GmbH. Total consideration given for these acquisitions was approximately \$8 million.

On Apr. 30, 1982, the pork operations of F. J. Walker Limited were merged with Canada Packers (Australia) Pty. Ltd. for a consideration satisfied by the issuance of shares of Canada Packers (Australia) Pty. Ltd., sufficient to give F. J. Walker a 50% interest in the company. Canada Packers (Australia) Pty. Ltd. was subsequently renamed Mayfair Foods Pty. Ltd.

Effective Sept. 20, 1983, the company sold its 50% interest in Mayfair Foods Pty. Ltd. to Elders IXL Limited for A\$13,058,000.

On Aug. 15, 1985, the company entered into a \$25,000,000 joint venture with Sea Farm of Bergen, Norway. The company's 50% interest in the newly formed Sea Farm Canada commenced with operations in the Maritime region, with plans to expand into British Columbia.

OFFICERS AND DIRECTORS

Officers—V. N. Stock, chm. & chief exec. officer; J. D. Hunter, pres. & chief operating officer; E. J. Roberts, exec. v-p; L. R. L. Symmes, C. W. Ashley, G. L. Nix, v-p's; S. Atluru, v-p, planning & info services; G. Borys, v-p & gen. mgr., processed meats ops.; L. W. MacLeod, v-p & gen. mgr., fresh meats & food service ops.; R. D. Miske, v-p & gen. mgr., poultry division; R. D. Selva, v-p & gen. mgr., Shur-Gain division; A. M. MacKenzie, sec.; L. J. Duchaine, treas.

Directors—F. S. Eaton, T. C. Stewart, E. C. Bovey, W. F. McLean, G. H. Dickson, G. L. Nix, V. N. Stock, E. J. Roberts, J. D. Hunter, A. H. Zimmerman, all Toronto; G. T. Richardson, Winnipeg; J. E. Newall, Mississauga, Ont.; R. L. Knowlton, Austin, Minnesota.

PRINCIPAL WHOLLY-OWNED SUBSIDIARIES

Canada Packers (U.S.A.) Inc.—New York, N.Y.
Federal Cold Storage and Warehousing Company Limited—Operates public cold storage warehouses in Toronto, Montreal and Winnipeg.

Canada Packers GmbH—Hamburg, West Germany.

René Poirier Ltée—St. Felix de Valois, Que.
Ontario Rendering Company Limited—Dundas, Ont.

Canada Packers (U.K.) Limited—London, Eng.

Tender-Lean Beef Inc.—Burlington, Ont.

Collis Leather Co. Ltd.—Aurora, Ont.

Beardmore & Co. Ltd.—Acton, Ont.

Hoffman Meats Inc.—Kitchener, Ont.

CONTROLLED SUBSIDIARIES

Fleischwarenfabrik Walthen GmbH—75% owned by Canada Packers GmbH, Cologne and Delmenhorst, West Germany. Produces a full line of cooked and smoked sausage and ham products.

Teys Bros. (Beenleigh) Pty. Ltd.—55% owned. Brisbane, Australia.

Canafarma S.A. de C.V.—Mexico City, Mexico.

Canada Packers (Japan) Inc.—Tokyo, Japan. A food trading company.

JOINT VENTURES

Haverhill Meat Products Limited—50% owned by the company; 50% owned by J. Sainsbury Ltd. Owns 100% of **Paethorpes Limited**, a U.K. manufacturer of sausage products, meat pies and other meat products.

Sea Farm Canada—50% owned by Canada Packers; 50% owned by **Sea Farm** of Bergen, Norway. Operations of this company which will be located ini-

tially in New Brunswick, will include hatcheries and ocean farms to serve the expanding fresh salmon markets in the U.S. and Canada.

CAPITAL STOCK (As at Mar. 31, 1985)

Common	Author. unlimited	Outstand. 12,039,000 shs.
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Common—Entitled to one vote per share.

Share Option Plan—In April, 1982, the company established a share option plan, under which 400,000 common shares (adjusted for the 2-for-1 split on July 8, 1983) were reserved for issuance on exercise of options. The price of the shares may not be less than their value on the date on which the option is granted.

At Mar. 31, 1985, options were outstanding to purchase 73,000 common shares at \$14.75 per share (adjusted for stock split) to Apr. 29, 1987. In April, 1983, options were granted to purchase a further 79,000 common shares (adjusted) at \$19.665 per share to expiry on Apr. 14, 1988. In addition, options were granted to purchase 30,000 common shares at \$25.917 per share to expiry on June 22, 1989.

CHANGES IN CAPITAL STOCK

Upon incorporation, the company had an authorized capitalization of \$10,000,000 7% cumulative preference shares, par value \$100, and 200,000 no par value common shares, of which \$6,670,350 of the preferred stock and all of the common stock were subsequently issued. Through redemption, the outstanding amount of preference stock was reduced as at Mar. 28, 1935, to \$5,890,500.

All outstanding preference shares were redeemed on Jan. 1, 1936, at \$110 and accrued dividends. Unissued preference shares were cancelled.

On Sept. 29, 1944, shareholders approved a subdivision of the 200,000 authorized and outstanding common shares, on the basis of two class A and four class B shares for each old common share. There were accordingly 400,000 class A and 800,000 class B shares authorized and outstanding.

By S.L.P. dated Aug. 15, 1968, the authorized and outstanding class A and B shares of the company were classified as one class of common shares of no par value and were subdivided on a 5-for-1 basis, and the authorized capital was increased by 4,000,000 shares of no par value. As a result, there were 10,000,000 common shares authorized and 6,000,000 common shares issued and outstanding.

By S.L.P. dated May 15, 1973, the 6,000,000 authorized and issued and 4,000,000 authorized but unissued common shares were reclassified as class C convertible common shares, no par value, on a share-for-share basis and authorized capital stock was increased through the creation of an additional 2,000,000 class C convertible common shares and 6,000,000 class D convertible common shares, without par value. Following the reorganization, authorized capital stock consisted of 12,000,000 class C convertible common shares, no par value and 6,000,000 class D convertible common shares, no par value, of which 6,000,000 class C common shares were issued and outstanding.

Upon continuance, effective Feb. 9, 1979, the class C and class D convertible common shares, no par value, were reclassified as a single class of common shares, without nominal or par value. Outstanding capital stock at Mar. 31, 1979, comprised 6,000,000 common shares.

Note—Commencing in fiscal 1980, upon the availability of the stock dividend option, the company began the practise of purchasing on the open market, for cancellation, common shares, equivalent in number to those issued as stock dividends, thereby maintaining the number of shares outstanding at the fiscal year-end at a constant 6,000,000.

Common shares issued as stock dividends and subsequently purchased by the company for cancellation numbered 63,600 in fiscal 1980, 31,000 in fiscal 1981, 48,000 in fiscal 1982 and 49,000 in fiscal 1983, such that at Mar. 26, 1983, the number of outstanding com-

mon shares remained constant at 6,000,000.

On July 8, 1983, common stock was split on a 2-for-1 basis.

In the year ended Mar. 31, 1984, 9,000 shares were issued under the employee share option plan.

Following the issue of 30,000 shares, under the employee share option plan, at Mar. 30, 1985, there were 12,039,000 shares outstanding.

PRICE RANGE OF STOCK

Common

Year	High	Low	Year	High	Low
1975	\$20.75	\$17.00	1981	\$37.00	\$29.50
1976	20.75	17.00	1982	33.50	28.25
1977	20.75	17.00	1983	28.25	16.50
1978	24.50	18.50	1984	30.00	24.00
1979	33.50	20.50	1985†	38.25	27.50
1980	36.00	28.50			

†Classified as class C common stock to Feb. 9, 1979 when reclassified with class D stock as common stock. No trades in the class D stock were made; listed May 23, 1973.

□ Following 2-for-1 stock split in July, 1983.

† To Dec. 5.

DIVIDENDS

Common—Payable in cash or in the form of additional common shares having the equivalent value to the cash dividends. Present rate is 92 cents per share per annum established with the quarterly payment of 23 cents per share on Jan. 2, 1984.

Initial payment on the common stock was 75 cents per share on Apr. 1, 1935, establishing a rate of \$3 per share per annum, which was paid regularly quarterly to Apr. 1, 1941, inclusive. Rate was increased to \$4 per share per annum with the quarterly payment of \$1 per share on July 2, 1941, and was paid regularly to and including Oct. 2, 1944, after which each common share was split into two class A and four class B shares.

Semiannual dividends on the class A and B stocks were paid regularly from Apr. 2, 1945, to and including Apr. 1, 1968 as follows:

Fiscal Years	Class A		Class B	
	Oct. 1	Apr. 1	Oct. 1	Apr. 1
1945		*\$0.75		*\$0.25
1946-49	\$0.75	0.75	\$0.25	0.25
1950	0.75	0.75	0.25	0.25+
				●0.50
1951-56	0.75	0.75	0.75	0.75
1957	0.75+	0.75+	0.75+	0.75+
	●0.12%	●0.12%	●0.12%	●0.12%
1958-64	0.87%	0.87%	0.87%	0.87%
1965	1.00	1.00	1.00	1.00
1966	1.20	1.20	1.20	1.20
1967	1.25	1.25	1.25	1.25
1968	1.25	■1.25	1.25	■1.25

*Initial. ●Extra. ■Final.

Initial payment on the common stock following the reclassification and stock split was 28 cents per share paid on Oct. 1, 1968, establishing an annual rate of 56 cents per share which was paid regularly quarterly from Jan. 2, 1969, to and including Apr. 1, 1970. An increased rate of 64 cents per share per annum was paid quarterly from July 2, 1970, to Jan. 2, 1973, inclusive, and a final payment of 18 cents per share was made on Apr. 2, 1973, after which the shares were redesignated as class C shares on a 1-for-1 basis.

First payment on the class C stock following reclassification in 1973 was 18 cents per share paid July 2, 1973, and 18 cents per share Oct. 1, 1973. Rate increased to 88 cents per share per annum paid regu-

larly quarterly from Jan. 2, 1974, to and including Oct. 1, 1976. Rate increased to 95 cents per share per annum and was paid quarterly from Jan. 3, 1977 to Oct. 2, 1978, inclusive. A quarterly dividend of 25 cents per share was paid on Jan. 2, 1979. During the period from June, 1973 to December, 1978, dividends on the company's **class D common stock** (which was interconvertible into class C common stock on a share-for-share basis) were paid at a rate equivalent to that of the class C common stock but on a tax-deferred basis. (See table following for individual payments.)

Following reclassification of class C and D stock as common stock, 25 cents per share was paid on Apr. 2 and July 2, 1979 and an annual rate of \$1.36 per share was paid quarterly from Oct. 1, 1979 to July 2, 1980, inclusive. An annual rate of \$1.60 per share was paid quarterly from Oct. 1, 1980 to July 2, 1983, inclusive, after which the common stock was split on a 2-for-1 basis.

Following the 2-for-1 stock split, 20 cents per share was paid on Oct. 1, 1983.

Extra dividends of \$1 per share were paid on July 3, 1939, and July 2, 1940, and of 50 cents per share on Apr. 1, 1941.

Special dividend of \$1.25 per class C and \$1.25 (tax-deferred) per class D share were paid on Dec. 1, 1978.

Preference (old)—Regular dividends of \$7.00 per share per annum were paid on this stock from Apr. 1, 1929 to Jan. 1, 1936, inclusive, the latter date being the date of redemption of the stock. Dividends accrued from July 1, 1927, but arrears of \$10.50 per share were all paid up during the 1934 period.

TAX-DEFERRED DIVIDENDS

The company has made the following tax-deferred dividend distributions on class D convertible common shares:

Amount	Record	Amount	Record
15.3c*	June 15/73	18.7c	June 11/76
15.3c	Sept. 7/73	18.7c	Sept. 10/76
18.7c	Dec. 7/73	20.18c	Dec. 10/76
18.7c	Mar. 8/74	20.195c	Mar. 11/77
18.7c	June 14/74	23.75c▲	June 10/77
18.7c	Sept. 6/74	23.75c▲	Sept. 9/77
18.7c	Dec. 6/74	23.75c▲	Dec. 9/77
18.7c	Mar. 7/75	23.75c	Mar. 10/78
18.7c	June 13/75	23.75c	June 9/78
18.7c	Sept. 5/75	23.75c	Sept. 8/78
18.7c	Dec. 5/75	\$1.25●	Nov. 17/78
18.7c	Mar. 12/76	25c	Dec. 8/78

*Initial payment.

●Special dividend.

▲Adjusted to include portion of tax-deferred dividend previously declared but withheld pending the Mar. 31, 1977 budget resolution which became law Nov. 1, 1978.

LONG-TERM DEBT

Long-term debt outstanding at Mar. 30, 1985 totaled \$39,046,000, including \$6,446,000 due within one year. Payments required on debt over the next five fiscal years are as follows: \$6,446,000 in 1986; \$1,446,000 in 1987; \$11,300,000 in 1988; and nil in both 1989 and 1990.

Notes Payable—Outstanding at Mar. 30, 1985, \$19,046,000 in notes payable at various interest rates from 11½% to 14%, due to 1988.

Term Borrowings—Outstanding at Mar. 30, 1985, \$20 million term borrowings, due 1991 with interest at 12½%.

INTERIM EARNINGS

Fiscal Year	Net Sales	Net Inc. Oper.	*Earns. Per Sh.	Net Sales	Net Inc. Oper.	*Earns. Per Sh.	Net Sales	Net Inc. Oper.	*Earns. Per Sh.
	13 weeks			26 weeks			39 weeks		
	\$000's	\$—	\$—	\$000's	\$—	\$—	\$000's	\$—	\$—
1979 ..	563,856	4,178	0.35	995,372	2,596	0.22	1,642,812	12,638	1.06
1980 ..	698,857	6,893	0.58	1,363,350	14,124	1.18	2,052,888	21,398	1.79
1981 ..	665,236	6,957	0.58	1,351,502	13,146	1.10	2,111,310	20,511	1.71
1982 ..	753,313	6,400	0.54	1,490,933	11,497	0.96	2,257,057	21,111	1.76
1983 ..	781,337	4,452	0.37	1,533,412	7,603	0.63	2,278,429	15,890	1.32
1984 ..	797,141	6,137	0.51	1,568,272	13,475	1.11	2,377,167	18,549	1.53
1985 ..	823,856	7,559	0.63	1,496,107	7,735	0.64	2,293,597	16,555	1.38
1986 ..	781,823	7,962	0.65	1,541,342	15,925	1.31			

*Adjusted throughout for 2-for-1 stock split on July 8, 1983.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR

	52 wks. ended Mar. 30 1985	53 wks. ended Mar. 31 1984	52 wks. ended Mar. 26 1983	52 wks. ended Mar. 27 1982	52 wks. ended Mar. 28 1981	52 wks. ended Mar. 29 1980	53 wks. ended Mar. 31 1979
	\$000's						
Source of Funds:							
Net income from operations ..	20,831	26,172	24,560	25,710	24,485	24,465	19,582
Deferred income taxes	2,558	4,052	253	1,314	5,183	3,603	4,341
Depreciation	24,267	21,766	19,706	19,082	17,753	15,268	15,007
Sale fixed assets, invests.	4,756	18,568	1,732	8,735	2,879	16,681	1,578
Increase minority interest .....	.....	.....	.....	94	44	.....	.....
Increase l.-t. debt .....	.....	16,536	.....	.....	7,950	5,051	18,927
Investment inc. ....	.....	.....	.....	.....	76	659	714
Other	996	376	1,556	.....	.....	.....	.....
	53,408	87,470	47,807	54,935	58,370	65,727	60,149
Application of Funds:							
Purchase fixed assets	26,518	35,810	40,153	36,207	37,013	35,310	24,304
Dividends	11,057	10,328	9,600	9,600	9,240	7,620	13,350
Decrease l.-t. debt	7,127	.....	8,113	10,790	.....	.....	.....
Purch. of subsid. co.	5,000	22,900	13,400	6,090	2,328	.....	.....
Purch. of min. int. in subsid. ....	.....	.....	.....	.....	.....	.....	807
Divd. to min. shldrs.	18	62	49	40	65	140	113
Other .....	.....	1,487	2,371	.....	.....	.....	.....
	49,720	70,587	73,686	62,727	48,646	43,070	38,574
Unreal. foreign exch. adj.	1,780	4,425	.....	.....	.....	.....	.....
Increase working capital	5,468	21,308	25,879	7,792	9,724	22,657	21,575
▲Subtract. ●Decrease.							

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR

	52 wks. ended Mar. 30 1985	53 wks. ended Mar. 31 1984	52 wks. ended Mar. 26 1983	52 wks. ended Mar. 27 1982	52 wks. ended Mar. 28 1981	52 wks. ended Mar. 29 1980	53 wks. ended Mar. 31 1979
	\$000's						
Sales	3,168,400	3,293,527	3,113,723	3,049,474	2,940,836	2,798,446	2,408,520
Less: Freight & deliv. costs	117,311	117,564	112,276	106,375	98,467	87,232	78,013
Net sales	3,051,089	3,175,963	3,001,447	2,943,099	2,842,369	2,711,214	2,330,507
Less: Cost of sales	2,787,784	2,906,067	2,746,987	2,684,883	2,607,606	2,500,638	2,149,168
Selling & admin. exp.	195,392	194,183	186,930	183,609	163,285	144,872	125,857
Net before deprec., etc.	67,913	75,713	67,530	74,607	71,478	65,704	55,482
Less: Depreciation	24,267	21,766	19,706	19,082	17,753	15,268	15,007
Interest expense	11,732	11,033	9,502	13,095	12,301	10,373	8,355
Income taxes: Current	8,525	12,690	13,509	15,406	11,756	11,995	8,197
Deferred	2,558	4,052	253	1,314	5,183	3,603	4,341
Add: Invest. income	214	75	494	31	42	964	1,403
Gain sale f.a. & invests.	5,244	3,609	1,282	5,137	2,125	101	662
Less: Inc. taxes on other inc.	950	▲1,705	▲3,978	588	561	▲502	68
Minority interest	300	36	370	251	12	266	674
Discontinued oper. ....	.....	6,250	8,983	.....	.....	.....	.....
Net income, operations	25,039	25,275	20,961	30,039	26,079	25,564	20,905
Add: extraord. gain .....	.....	.....	.....	.....	.....	10,377	.....
Net income	25,039	25,275	20,961	30,039	26,079	35,941	20,905
Add: Previous ret. earns.	287,979	274,535	264,682	245,749	229,913	203,495	195,940
Less: Common divids.	11,057	10,328	9,600	9,600	9,240	7,620	13,350
Excess cost of shares	1,477	1,503	1,508	1,506	1,003	1,903	.....
Retained earnings	300,484	287,979	274,535	264,682	245,749	229,913	203,495
▲Credit.	.....	.....	.....	.....	.....	.....	.....

Remuneration—Of officers and directors has been as follows in recent fiscal years: \$2,048,000 in 1985; \$1,723,000 in 1984; \$1,418,000 in 1983; \$1,400,000 in 1982; \$1,228,000 in 1981; \$1,093,000 in 1980; and \$967,000 in 1979.

Times Interest Earned:

Before depreciation	5.79	6.86	7.11	5.70	5.81	6.33	6.64
After depreciation	3.72	4.89	5.03	4.24	4.37	4.86	4.84

Earnings per Share:

Common: Earned†	\$2.08	\$2.10	\$1.75	\$2.51	\$2.18	\$2.13	\$1.74
Earned‡	2.08	2.10	1.75	2.51	2.18	3.00	1.74

†Before (‡after) extraordinary items.

*Adjusted throughout for 2-for-1 stock split on July 8, 1983.

Dividends Paid or Declared:

Common▲	\$0.92	\$0.66	.....	.....	.....	.....	.....
Common□ .....	.....	\$0.40	\$1.60	\$1.60	\$1.54	\$1.27	\$0.25
Class C .....	.....	.....	.....	.....	.....	.....	0.725+
Class D .....	.....	.....	.....	.....	.....	.....	1.25
							▼0.725+
							▼1.25

▼Tax-deferred. □ Following reclassification of class C and D shares as common, Feb. 9, 1979.

▲Following 2-for-1 stock split in July, 1983.

HISTORICAL SUMMARY

(As originally stated in company's annual reports for the respective years)

Fiscal Year	Total Assets	Net Fixed Assets	Working Capital	Shldrs.' Equity	Net Sales	Net Inc. Oper.	Earns. Per Com. Sh.	Price Range High	Low
				\$000's			\$	\$	\$
1935 ..	28,720	11,402	6,735	12,708	59,187	1,319	4.48	*82.50	*50.00
1936 ..	29,096	10,965	6,879	6,615	63,587	1,288	4.86	93.00	80.00
1937 ..	35,252	11,264	6,703	7,538	72,700	1,523	7.61	98.00	66.00
1938 ..	34,719	11,819	5,757	8,039	84,146	1,101	5.50	72.00	58.00
1939 ..	34,075	11,097	6,439	8,677	77,226	1,239	6.19	104.00	66.00
1940 ..	39,557	10,405	7,130	9,545	88,206	1,668	8.34	104.50	65.00
1941 ..	41,032	9,629	7,451	10,200	110,292	1,555	7.77	92.00	74.00
1942 ..	51,380	9,561	7,432	11,012	144,509	1,611	8.06	87.00	74.75
1943 ..	46,719	9,218	8,871	11,823	169,142	1,611	8.06	98.00	79.50
1944 ..	54,521	8,539	9,692	12,711	206,156	1,688	8.44	†34.00	†30.00
1945 ..	51,719	8,073	8,965	13,636	228,398	1,825	†4.56	36.25	33.00
1946 ..	49,691	7,748	10,098	14,452	208,998	1,817	1.51	44.50	36.00
1947 ..	56,128	8,297	10,963	15,512	204,069	2,060	1.72	40.00	36.13
1948 ..	69,591	8,740	13,324	16,694	238,454	2,182	1.82	38.00	32.50
1949 ..	69,323	10,110	19,248	20,641	314,919	2,807	2.34	37.00	28.50
1950 ..	74,351	10,717	16,693	23,015	327,671	3,480	2.90	43.00	32.50
1951 ..	98,941	11,197	19,428	25,856	356,826	4,126	3.44	45.00	35.00
1952 ..	92,551	13,675	16,499	25,712	390,514	1,965	1.64	37.00	29.50
1953 ..	93,323	15,860	18,537	28,910	385,986	4,401	3.67	39.00	33.50
1954 ..	102,676	16,316	19,858	30,831	374,473	3,702	3.09	41.50	36.00
1955 ..	100,112	16,154	22,010	33,143	363,551	3,717	3.10	41.25	37.00
1956 ..	81,941	19,363	21,141	36,088	434,221	4,746	3.95	43.00	37.00
1957 ..	88,187	24,697	18,484	38,495	467,188	4,507	3.76	39.50	33.50
1958 ..	89,344	25,283	22,721	43,368	486,122	4,973	4.14	54.00	35.00
1959 ..	93,490	24,724	26,910	46,002	541,416	4,735	3.95	57.00	45.50
1960 ..	89,206	23,743	31,142	49,260	575,892	5,357	4.46	50.00	42.25
1961 ..	97,000	24,385	32,673	51,832	544,987	4,872	3.89	61.00	49.00
1962 ..	99,450	24,241	35,427	54,804	558,476	5,072	4.23	58.00	47.00
1963 ..	104,171	23,974	39,361	58,467	589,014	5,763	4.80	65.00	56.00
1964 ..	108,801	25,417	47,447	68,244	599,970	6,214	5.18	80.00	63.50
1965 ..	128,138	31,752	47,755	73,956	615,531	8,112	6.76	93.00	78.00
1966 ..	143,777	33,966	52,327	79,597	698,220	8,521	7.10	87.75	66.50
1967 ..	139,881	35,590	51,784	80,647	643,354	4,050	3.38	91.00	67.75
1968 ..	155,487	35,511	58,247	89,658	769,485	8,068	6.72	†22.63	†19.00
1969 ..	163,770	44,143	54,331	100,040	789,543	7,742	†1.29	21.25	14.75
1970 ..	176,959	47,054	58,231	106,671	878,979	9,991	1.67	21.75	18.00
1971 ..	186,884	57,358	63,841	112,420	919,178	9,589	1.60	24.00	17.25
1972 ..	188,077	58,078	69,139	118,658	937,720	10,078	1.68	22.88	17.50
1973 ..	233,133	68,829	76,929	128,795	1,135,518	14,097	†2.35	†25.75	†20.00
1974 ..	269,720	73,205	88,183	143,100	1,497,070	19,105	3.18	26.00	16.75
1975 ..	273,117	87,860	84,456	154,062	1,453,749	16,242	2.71	20.75	17.00
1976 ..	310,045	97,041	96,244	170,313	1,635,203	21,531	3.59	23.75	17.00
1977 ..	321,059	103,433	104,669	184,965	1,701,081	20,142	3.36	20.75	16.00
1978 ..	382,024	112,877	113,922	197,378	1,878,408	18,113	3.02	24.50	18.50
1979 ..	451,745	121,428	135,497	204,933	2,330,507	20,905	3.48	†33.50	†20.50
1980 ..	481,498	136,235	158,154	233,162	2,711,214	25,564	†4.28	36.00	28.50
1981 ..	522,789	156,565	167,878	249,986	2,842,369	26,079	4.35	37.00	29.50
1982 ..	544,747	177,602	160,086	270,407	2,943,099	30,039	5.01	33.50	28.25
1983 ..	558,941	203,668	134,207	281,764	3,001,447	20,961	3.49	†28.25	†16.50
1984 ..	596,311	219,908	155,515	297,437	3,175,963	25,275	†2.10	30.00	24.00
1985 ..	619,492	224,697	160,983	311,128	3,051,089	25,039	2.08		

*Listed Jan. 10, 1935.

†Following reclassification of common stock to class A stock in September, 1944; reclassification to common stock in August, 1968; reclassification to class C stock in May, 1973; reclassification to common stock in February, 1979; and 2-for-1 stock split in July, 1983.

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999-8th St., Calgary, T2R 1J5 (403) 244-8310

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